

Council 4 AFSCME Testimony – In support of SB 395, SB 397 and opposition to HB 6328

My name is Brian Anderson. I am a legislative representative for Council 4 AFSCME, a union of 35,000 public and private employees.

Council 4 strongly supports Senate Bill 935, **AAC Elimination of State Financial Assistance for Companies that Reduce Retirement Benefits**. U.S. Senator James Webb, a Vietnam war hero and Ronald Reagan's former secretary of the Navy recently said that the "middle class of this country, our historic backbone and our best hope for a strong society in the future, is losing its place at the table." The decline of the middle class is one of the biggest problems that our state and country face. This bill tries to do something about that.

Corporate executive profit has reached an all time high in our country. The most massive shift in wealth away from working families to the very richest of the rich has taken place. Another factor exacerbating this has been the massive revocation of pensions and retiree health care benefits. For the average person to have some sort of security in their retirement, it is necessary to have a pension. A pension is part of the traditional three legged stool of retirement. The other two legs are personal savings (usually in the form of having paid off most of the cost of a house or having a 401k) and Social Security.

Many prosperous companies have been dropping their pension plans and switching to 401Ks and defined contribution plans that fall far short of the needs of the average retiree. It is estimated that the average person retiring with only a 401k has saved less than \$50,000. All too often, the reason for this shift away from pensions is to reap more profits for the upper management of those companies. Unfortunately, that extra profit comes at the expense of employees. The replacement of pensions with 401ks shifts financial risk from the employer to the individual employee, who is less able to bear such risk. It is also commonly known in the financial world that up to 28% of working people don't take advantage of their employers' 401k program, which lessens the employers' costs even more.

In the steel and airline industries, tens of thousands of workers have had their employers renege on their contractual obligation to pay those workers a pension. These pensions were not a gift or a frill. These pensions were earned, as part of the compensation that an employer promised to pay an employee in return for a lifetime of labor. While some of these companies were in bankruptcy, for the most part they possessed enough assets to fully or substantially fund their pension obligations. Instead they chose to use loopholes in federal law to sell off those assets, dump their pension obligations and gain a profit for top management in doing so. This has led to the financial devastation of thousands of Americans who have played by the rules and it has inflicted a large burden on the taxpayers who must then support these ripped off pensioners.

While, this bill does not solve the problems that I have talked about, at least it is an attempt by the state to send a signal to business that it should not shirk its traditional

responsibility and allow its retired workforce to spend their last few years suffering in poverty.

Council 4 also supports SB 937AAC the Right to Organize for Certain State Employees and Graduate Assistants at State Universities. All workers have a basic human right to organize into labor unions for their economic interest. The United States is a signator and creator of the Universal Declaration of Human Rights, passed by the United Nations, that guarantees this right. Graduate students, mid and low level state managers and State Capitol security personnel should not be denied their basic human rights. This bill is long overdue.

House Bill 6328, AAC Timetables for Municipal Binding Arbitration is unnecessary. Currently, either party in such an arbitration can waive or adhere to the time lines. Giving the process more flexibility helps things come to resolution.